

**GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES
LOK SABHA**

STARRED QUESTION NO:719
ANSWERED ON:15.05.2002
FOREIGN DIRECT INVESTMENT AGENCIES
N.T. SHANMUGAM

Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

- (a) whether the Government have received representations from Foreign Direct Investment Agencies for setting up of small scale industries in various States;
- (b) if so, the facts and details thereof;
- (c) the steps taken by the Union Government to ensure approval of the same within the time bound period; and
- (d) if not, the reasons therefore?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF SMALL SCALE INDUSTRIES, MINISTER OF STATE IN THE DEPARTMENT OF PERSONNEL AND TRAINING, DEPARTMENT OF PENSIONS AND PENSIONERS' WELFARE, THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS, MINISTER OF STATE IN THE MINISTRY OF PLANNING AND MINISTER OF STATE IN THE DEPARTMENTS OF ATOMIC ENERGY AND SPACE (SMT. VASUNDHARA RAJE)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (a) TO (d) IN RESPECT OF THE LOK SABHA STARRED QUESTION NO. 7 FOR ANSWER ON 15.05.2002

(a) to (d): All proposals relating to Foreign Direct Investment(FDI) in the Small Scale Industries (SSI) Sector, including the representations received from Foreign Direct Investment Agencies are decided as per the declared Government policy. The policy allows FDI upto 24% in the SSI sector via the automatic route. In all other cases, prior Government approval is mandatory. Further, if the item of manufacture is reserved for the SSI sector, the investor has to obtain an industrial licence and also undertake an export obligation of 50% on such products. Any SSI company will lose its SSI status as and when more than 24% of its equity, including FDI, is held by another Industrial Undertaking. All investments made under the automatic route need to be only notified to Reserve Bank of India (RBI) within 30 days of receiving inward remittance and again within 30 days of issue of shares. In case of proposals requiring prior approval of the Government, the investor needs to file an application before Foreign Investment Promotion Board (FIPB) which is disposed of keeping in view the time frame of 30 days for communicating Government decision.